TD

Distr.
GENERAL

TD/B/SR.497
28 April 1977

United Nations Conference on Trade and Development

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD

Eighth Special Session

SUMMARY RECORD OF THE 497TH MEETING

held at the Palais des Nations, Geneva,
on Monday, 25 April 1977, at 12.10 p.m.

President: Mr. LAGERGREN (Sweden)

CONTENTS

Opening of the session

Procedural matters (item 1 of the provisional agenda):

(a) Adoption of the agenda and organization of the work of the session

Statement by the Secretary-General of UNCTAD

Election of a vice-president

Institutional matters (agenda item 3):

(b) Announcement of any changes in the membership of the Board

---

This record is subject to correction.

Participants wishing to make corrections should submit them in writing to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva, within one week of receiving the record in their working language.

Corrections to the records of the meetings of the Board at this session will be consolidated in a single corrigendum to be issued shortly after the end of the session.

GE.77-64514

OPENING OF THE SESSION

1. The PRESIDENT declared open the eighth special session of the Board.

2. He observed that the Board was embarking on its third review and appraisal of the implementation of the International Development Strategy; the scope of the review and appraisal had been broadened to take account of the implementation of the Charter of Economic Rights and Duties of States and General Assembly resolution 3362 (S-VII) on development and international economic co-operation.

3. The Board's first biennial appraisal had left it in no doubt as to the joint and several responsibilities of the developing and developed countries in the implementation of the Strategy. Although it had been felt at that time that two years was too short a period within which to make a significant assessment of how far the goals and objectives established for the Strategy had been achieved, there had nonetheless been recognition of the need to do more for the developing countries and a near-universal readiness not to overlook the unsatisfactory conditions in the poorest and least developed countries. The Board's 1973 review of the Strategy had failed to produce a conclusive assessment of the progress made in implementing the policy prescriptions embodied in the Strategy. It had, however, pointed to those areas in which much needed to be done to adapt policies to the aims and objectives of the Strategy. He hoped that the legacy of conflicting perspectives, varying interests and an inclination to new solutions to problems only in the context of each one's own macro-economic setting would not be bequeathed to the review on which the Board was about to embark.

4. In accordance with its resolution 93/1978, the General Assembly would be undertaking at its thirty-second session a detailed assessment of the progress made in the implementation of its resolutions 3036 (XXV), 3202 (S-VI), 3201 (SVIII) and 3362 (S-VII). The Board's present task was to assist the General Assembly in its overall assessment of the implementation of those resolutions by reviewing the progress made in achieving their objectives, identifying shortfalls, offering constructive guidance regarding policy orientation, particularly in the field of trade, development and finance, and formulating appropriate recommendations.

5. In the reports which the Secretary-General of UNCTAD had submitted to the Board under agenda item 2, attention was focussed on the current and prospective situation in the different groups of countries and on the review and appraisal of the implementation of international trade and development policies in the various areas within the competence of UNCTAD. The reports also set out what could be regarded as some of the essential elements of a new, viable international development strategy.

6. Although many countries had not fully succeeded in giving the required priority to the implementation of the policies recommended in the Strategy, some major steps towards concerted international action in a number of key policy areas stimulated in the Strategy had been taken within UNCTAD. Those steps related to implementation of the principles of the Declaration on the Creation of a New Order [illegible] of Conduct for States, [illegible] of serious threat to international peace in 1974 of a [illegible] to the [illegible] of Trade Unions, the establishment and strengthening of multilateral mechanisms for the developing countries, expansion of trade and economic co-operation between the developing countries and the socialist countries of Eastern Europe [illegible] also be made of the launching of Mexico's Integrated Programme for Commodities at the Nairobi Conference. As the Secretary-General has stated in document TD/B/C.2/AC.1, the extensive series of negotiations [illegible] for Commodities [illegible] to be regarded as a crucial test of the basic principles of [illegible] co-operation in the commodities field. [illegible] official development assistance was far below the target set by the Strategy. There had been a substantial reduction in the flow of aid and a non-concessional [illegible] from OPEC countries to other developing countries.

7. No significant progress had yet been made, however, in implementing the General Assembly's recommendations in the area of international monetary reform, and expansion of external financial assistance to the least developed and disadvantaged developing countries had been largely offset by a considerable contraction in the purchasing power of the exports of those countries as a group. Early agreement on those issues would undoubtedly represent a unique symbol of the willingness of the developed and developing countries to work towards the establishment of a new international economic order. There was no denying the fact that only a few of the targets and goals prescribed by the Strategy had been achieved and that the repercussions of failure to achieve them had been severely felt by the poorest and least developed countries, by the geographically disadvantaged developing countries and by those developing countries that had been seriously affected by the recent economic crisis. Delegations might wish to address themselves to the question whether the lot of the disadvantaged countries, and overall global results, would have been better if the policy measures envisaged in the Strategy had been fully implemented.

8. The lack of concrete results in the implementation of a number of Strategy measures had led to impatience with UNCTAD's slow progress. That impatience might breed anger and frustration and so create a climate of recrimination. Translation of ideas and ideals into concrete and realistic action had never been easy, however, and it must be realized that the problems with which UNCTAD was dealing were not only new and startling but also extremely complicated. It was not surprising, therefore, that those problems were being dealt with in other forums as well. Any advance in those other forums towards the goals of UNCTAD must be greeted with appreciation by the members of UNCTAD. That did not, of course, in any way absolve UNCTAD from its own responsibilities.

9. The only way to successful solution of UNCTAD's problems lay in open and generous dialogue, persistence in negotiations and dogged determination to succeed. He hoped that at its eighth special session, the Board would meet that challenge.

PROCEDURAL MATTERS (Item 1 of the provisional agenda):

(a) ADOPTION OF THE AGENDA AND ORGANIZATION OF THE WORK OF THE SESSION (TD/B/641 and Add.1 and 2)

10. The provisional agenda (TD/B/641) was adopted.

11. The PRESIDENT informed the Board that provision had been made for the Working Party on the UNCTAD programme budget for the biennium 1978-1979 to meet concurrently with the Board's eighth special session and to report to the Board at the second part of its sixteenth session.

12. He drew attention to the suggestions for the organization of the work of the Board at the present session and in particular to the suggestion that a contact group of the President should be established to deal with agenda item 7 (TD/B/641/Add.2).

13. The suggestion for the organization of the work of the session were adopted.

STATEMENT BY THE SECRETARY-GENERAL OF UNCTAD

14. Mr. COREA (Secretary-General of UNCTAD) said that when the Board had conducted its 1975 review and appraisal of progress in the implementation of the International Development Strategy, two factors had been prominent. First, there had been the failure to implement the policy measures required by the Strategy and the fact that the Strategy itself had been very seriously disrupted by inflation, the onset of an acute recession, monetary disequilibrium, dramatic changes in price relationships and the very serious situation facing the most seriously affected of the developing countries. At that time there had been no global plan to correct the situation; only ad hoc relief measures had been applied.

15. The second factor had been of a conceptual and political nature. The failure of the Strategy for the Second United Nations Development Decade had given rise to a search for a new international economic order. It had been recognized that the prevailing system was inadequate and that the problems of development had to be solved by measures other than the transfer of resources alone. In other words, there had been an awareness of the need for structural changes in economic relationships. Indeed, the concepts of structural change and collective self-reliance were the cornerstones of the new international economic order and constituted the essential difference between the Strategy's approach to development problems and the approach adopted in the Programme of Action on the Establishment of a New International Economic Order and the Charter of Economic Rights and Duties of States.

16. Thus, at the Board's seventh special session, efforts had inevitably been directed towards giving concrete content to the issues enunciated in the Programme of Action. There had been several events in prospect - including the seventh special session of the General Assembly, the fourth session of the United Nations Conference on Trade and Development and the first dialogue on international economic co-operation - which, it had been hoped, would provide opportunities for such action. Some of those events were concluded, others were still under way. It seemed appropriate, therefore, to reflect on the outcome of the two years of endeavour to implement some of the elements in the Programme of Action.

17. Unfortunately, no great satisfaction could be derived from the experience of those two years. The record was not, of course, wholly negative; some progress had been made. There had, for example, been the establishment of the International Fund for Agricultural Development, the extension of IMF facilities to help countries meet their balance-of-payments problems, an expansion of the resources available to IBRD and the entry of OPEC countries on the scene as major donors of assistance to the developing countries. At UNCTAD itself, the Conference had taken a number of important decisions, including that on the Integrated Programme for Commodities. Nevertheless, if what had been achieved was measured against the yardstick of what needed to be done to solve the problems facing the developing countries, the inescapable conclusion was that performance fell far short of requirements. Similarly, if the positive achievements were measured against the yardstick of whether or not they constituted a significant breakthrough in development issues, again the inevitable conclusion must be that such a breakthrough was still to come.

18. One of the key areas in which satisfactory results had yet to be achieved was that of commodities. At its fourth session, the UNCTAD Conference had taken a major step forward in that area by establishing a comprehensive framework for dealing with the question of commodities, embodying new principles and objectives.

19. The real test of the efficacy of the Conference's action at Nairobi would be the results of the negotiations undertaken at the Integrated Programme for Commodities. They were still in progress but not too much comfort could yet be taken from them, since no decisive headway had yet been made either in the negotiations on various individual commodities or in those on the Common Fund. While he was not totally discouraged by the outcome of the recent Negotiating Conference on a Common Fund, it was nevertheless a fact that, at the end of that meeting, Governments had not been able to translate into specific decisions the forward movement that had occurred in their own positions.

20. There was in fact evidence of some movement. It could now perhaps be said that there was a willingness to see established a new regime to strengthen and stabilize commodity markets. However, it was necessary to concentrate negotiating efforts on the reconciliation of outstanding differences concerning the character of such a régime. The world was watching and hoping that the impasse would be broken. There was certainly a new awareness of the importance of the commodities issue and of the fact that there could be no comprehensive breakthrough in North/South negotiations without an agreement on the commodity question.

21. Another area in which the progress hoped for at Nairobi had not yet materialized was that of the external debt problem of the developing countries, which was still very much on the international agenda in several forums. Practical results were urgently needed in respect of two aspects of the problem, namely, immediate measures of debt relief and the establishment of an international policy framework for responding to the debt problem.

22. A third area in which no sign of a breakthrough had yet been perceived was that of resource transfer. The developed countries were still falling very short of the targets set and they needed to renew and implement their commitments.

23. Multilateral trade negotiations had been launched in GATT in 1973, but the progress anticipated had not been achieved. There, too, effective progress was vitally necessary.

24. In a fifth area, that of monetary reform, the innovatory ideas that had proliferated four or five years previously appeared to have been overtaken by events. More recently, the international community had shown a pragmatic approach, improvising solutions to meet situations as they occurred. That had probably been necessary, but the need for lasting reform had not been obviated.

25. All five of those areas required concentrated attention from the international community and there would be many opportunities for dealing with them in the remainder of 1977. While he did not think that, by the end of the current year, negotiations would have been completed in all those areas, he earnestly hoped that some solid foundations would have been laid.

26. Turning to the question of a new development strategy for the 1980's, he said that the international community should draw on the experience of the Second Development Decade when preparing for the next one, which was not so very far away. The UNCTAD secretariat had outlined some preliminary thoughts on the subject in an attempt to sow seeds that might fructify in the future.

27. It had taken the view that a new strategy could be based on three pillars, the first of which would be the enunciation of <u>national</u> development strategies, which were at the core of the development process. In recent years, there had been much heart-searching regarding the relevance of national policies to development goals and much new thinking on strategies and styles of development, while the shortcomings of the past were being increasingly highlighted. There had been an emphasis on basic needs strategies, aimed at social justice and more egalitarian societies, which would surely be reflected in any new strategy for the Third Development Decade. It should not be forgotten, however, that a development strategy oriented to the satisfaction of basic needs had to be more than a combination of social welfare and income redistribution programmes. It did not do away with the need for economic and technological transformation. It implied, not a negation of growth, but a redirection of growth towards social objectives.

28. The second pillar supporting a new strategy would be an international framework conducive to the national development programmes. That was crucially important. In the past, the emphasis had been placed on financial measures such as resource transfers and balance of payments support, important measures but ones which entailed no structural changes. There was currently a strong emphasis on the need for structural changes in international economic relationships, as exemplified by the expression "the new international economic order". That should be reflected in a new strategy.

29. The third pillar of a new strategy would be co-operation among the developing countries themselves, what had been called "collective self-reliance". That concept had gained enormously in significance in recent years and a number of ministerial meetings had been held by the developing countries for the purpose of defining and strengthening it. In the course of those meetings, a number of areas for further work had been identified, to which UNCTAD could make a useful contribution. There could be no doubt that the concept would play a prominent role in the strategy for the third development decade.

30. Once a strategy had been formulated it had to be cast into operational form, including quantitative targets where possible. The international community had been moving away from the enunciation of broad objectives towards negotiations aimed at translating such objectives into action. Not only would the United Nations have to respond to the consequent need for negotiating programmes, but so also would Governments, from which a new level of preparation and of commitment was required, both individually and as members of regional groups. The developing countries in particular would have to demonstrate their capacity for action and their ability to mobilize their resources for the achievement of their aims.

31. The Trade and Development Board had, in the past, made a vital contribution both to the formulation of strategies and to the review and appraisal of their implementation. He had no doubt that, at its present session also, it would provide some valuable inputs to the current process of review and appraisal and to the preliminary work on a new development strategy.

ELECTION OF A VICE-PRESIDENT.

32. The PRESIDENT said he had been informed that Mr. Taniguchi, a Vice-President of the Board, was unable to attend the present session. He therefore invited nominations for a replacement to fill the vacancy caused by that absence.

33. Mr. MONTGOMERY (Canada), speaking on behalf of the Group B countries, said that it was customary to elect a replacement from the delegation to which the absent officer belonged. He therefore nominated Mr. Seo (Japan) as Vice-President of the Board.

34. Mr. Seo (Japan) was elected Vice-President by acclamation.

INSTITUTIONAL MATTERS (agenda item 3):

(b) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD

35. The PRESIDENT said he had been informed that, under paragraph 5 of General Assembly resolution 1995 (XIX), as amended, Barbados, the Democratic People's Republic of Korea, Guyana, Liberia, Luxembourg and Sierra Leone had communicated their intention to become members of the Board. Those countries had accordingly been included in the Board's membership.

The meeting rose at 1.20 p.m.

TD

Distr.
GENERAL

TD/B/SS.45R
26 April 1977

ENGLISH
Original: FRENCH

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Eighth Special Session

SUMMARY RECORD OF THE 45th MEETING

held at the Palais des Nations, Geneva,
on 25 April 1977, at 3.20 p.m.

President: Mr. LAGERFELT (Sweden)

CONTENTS

Procedural matters (agenda item 1):

(a) Organization of work (continued)

Review and appraisal of the implementation of the International Development Strategy, the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States, and General Assembly resolution 3362 (S-VII) on development and international economic co-operation (agenda item 2):

Consideration of the report of the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets on its third session.

This record is subject to correction.

Participants wishing to make corrections should submit them in writing to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva, within one week of receiving the record in their working language.

Corrections to the records of the meetings of the Board at this session will be consolidated in a single corrigendum to be issued shortly after the end of the session.

PROCEDURAL MATTERS (agenda item 1) (continued):

(a) Organization of work (TD/B/441/Add.2) (continued)

1. The PRESIDENT suggested that the Board should establish a contact group with the following composition: nine countries from the Group of 77 (three from Africa, three from Asia and three from Latin America), six countries from Group B, three countries from Group D, and China.

It was so decided.

REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES, AND GENERAL ASSEMBLY RESOLUTION 3362 (S-VII) ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (agenda item 2) (TD/B/642 and Add.1 and 2, TD/B/646) (continued)

2. Mr. EL-SHAFEI (Egypt), speaking on behalf of the countries members of the Group of 77, noted that the important meetings which had been held since the Board's last appraisal of the implementation of the Strategy had achieved very little. The hopes raised by the beginning of the Second United Nations Development Decade would probably not be fulfilled. There had been some progress in some areas (economic co-operation among developing countries and the transfer of technology, for example), but little or no progress had been made in the field of commodities and the transfer of real resources for development. The facts showed that the International Development Strategy had failed because of the lack of political will on the part of the developed countries to implement internationally agreed commitments, laboriously negotiated, and to create more favourable conditions for development and international economic co-operation.

3. The unanimous adoption by the General Assembly of resolution 3362 (S-VII) on development and international economic co-operation, following upon the adoption of resolutions 3201 (S-VI) and 3202 (S-VI) on the Declaration and the Programme of Action on the Establishment of a New International Economic Order and of the Charter of Economic Rights and Duties of States (resolution 3281 (XXIX)), was to have marked the beginning of a new era in international economic relations, characterized by genuine co-operation rather than by confrontation in the building of a more just and more equitable economic order: however, that had perhaps been merely an illusion.

4. The crucial issues of development and international economic co-operation were not new and had already been the subject of many recommendations and prescriptions for action. The Conference, at its fourth session in particular, the first practical test of the meaning of General Assembly resolution 3362 (S-VII), had adopted a number of important decisions, but one year later, it must be noted that the pace of their implementation was disappointing. The situation was virtually static and, if the developed countries did not demonstrate the necessary political determination, there was no reason to be optimistic about the final outcome. The attempts made to back-track on agreed positions with so-called new interpretations and to re-open issues already agreed upon could only give rise to the deepest concern.

5. The eighth special session offered the Board an opportunity to take initiatives to get international economic co-operation out of the doldrums. The members of the Board should decide to make renewed efforts to implement the agreed decisions of the fourth session of the Conference, successfully to negotiate pending issues and, in particular, to meet the deadlines agreed upon, whether for the Integrated Programme for Commodities or the code of conduct or any other issue.

6. The choice to be made was clear: either to succeed together or to fail together. There was already a certain malaise in international economic relations. There was a tendency to ignore crucial issues and to place undue emphasis on technical details, which were mere pretexts and served only to disperse the energies and limited resources of small delegations from developing countries.

7. Turning to specifically UNCTAD issues he highlighted some of the actions needed in order to lift development and international economic co-operation out of their present doldrums.

8. With regard to commodities, the developed countries should change their attitude in the individual commodity negotiations and not seek delay by trying to obtain satisfaction on minor details. The developing countries were deeply dissatisfied with the failure of the Negotiating Conference on a Common Fund and hoped that the developed countries would come to the resumed conference with the required political mandate to ensure its success. The common fund was essential for the establishment of the new international economic order in an area of crucial importance to both developing and developed countries, namely that of commodity trade.

9. In the field of manufactures, increased access to markets and a strengthened capacity to supply products were necessary in order to achieve the target fixed by the United Nations Industrial Development Organization. However, a number of basic issues relating to improved access to markets had not been resolved in the multilateral trade negotiations.

10. With regard to money and finance and the transfer of real resources for development, the Group of 77 expected the ministerial session of the Board to reach decisive overall solutions to the debt problems of developing countries. Ways and means must also be found to enable those countries to participate effectively in decision-making in international monetary and financial matters of vital concern to them.

11. With regard to the transfer of technology, there was a need to speed up the pace of work on the code of conduct, where progress had been very slow, and to reach agreement on a legally binding code. A successful conclusion of the work on the code and on the revision of the industrial property system was essential to the development of the indigenous technological capacity of developing countries.

12. In the field of international shipping, only 20 countries had so far become contracting parties to the Convention on a Code of Conduct for Liner Conferences, and all of them were developing countries. None of the developed countries which had signed the Convention had ratified it. The Group of 77 urged the developed countries, including those which had not signed the Convention, and other developing countries to become contracting parties so that the Convention could come into force as soon as possible.

13. The Group of 77 also attached great importance to the deliberations of the Paris Conference on International Economic Co-operation. It hoped for concrete results from it, but the Conference had unfortunately also been characterized by a lack of political will on the part of the developed countries.

14. Referring to the complaints by the delegations of Group B countries concerning the late distribution of documents, he said that the Group of 77 did not wish to minimize the importance of documents and of devoting sufficient time to their study. However, the non-implementation of agreements and commitments remained the vital issue and, if Group B agreed, a discussion should now be begun on ways and means of reaching a consensus without becoming bogged down in minor details and questions of interpretation.

Consideration of the report of the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets on its third session (TD/B/646)

15. Mr. KENDALL (Chairman of the Group of Experts), speaking at the invitation of the President, introduced the report of the Group on its third session (TD/B/646). As stated in chapter I of its report, in order to examine developments in the relationship between the present aid and flow targets and the growth targets set by the International Development Strategy for the Second Development Decade, in the light of the recent disruptions in the world economic situation, the Group of Experts had had before it an economic study by the secretariat, from which it had drawn two major conclusions.

16. First and foremost, there was clearly a marked inconsistency between the aid and flow targets set at the beginning of the Second Development Decade and the growth rates projected for the developing countries. In fact, even if the aid targets had been met in every respect, the desired growth rates would not have been achieved. The entire basis of the strategy should therefore be reviewed in order to take account of the new circumstances.

17. The Group had then noted that other analyses of the situation which had given quantitatively different results had, however, merely confirmed the lack of consistency between the air targets and the growth rates projected for the developing countries. Also noting the lack of uniformity in the two or three models used by the secretariat in its analysis, the Group of Experts had considered that it was necessary to collect much more comprehensive and systematic data and to determine the best way of using them if it was desired to elaborate a more coherent and solid strategy for the future.

18. After stressing the inadequacy of the aid and flow targets, the Group of Experts examined, in chapter II of the report, the extent to which those targets had actually been attained.

19. It noted that the official development assistance (ODA) target remained the fundamental element but that while ODA flows had clearly increased between 1972 and 1975, the ODA/GNP ratio had improved only slightly during the same period.

20. With regard to private flows, new factors of great importance for the growth of developing countries had appeared in recent years, in particular the emergence of new sources and "Euro-currency" flows. ODA was still the basic element, but private aid flows made it possible to a great extent to understand the nature of the debt problem of the developing countries, the relationship between that problem and ODA, and the nature of the financial resources available to the developing countries to implement their own development plans. However, whereas the concept of ODA had been fully defined and comprehensive information on the subject had been collected and analysed, the situation was still unclear with regard to private flows: it was not known how to measure or classify them, and the relevant information was lacking. The Group of Experts had expressed its keen concern in that regard, while noting with satisfaction the efforts made by statisticians to remedy that situation. The Group considered that in order to make an in-depth appraisal of the implementation of the International Development Strategy, it was essential to collect and analyse more information on aid from the private sector, which had assumed great importance in recent years.

21. After reaching that finding, the Group of Experts proposed, in Chapter III of its report, that a special effort should be made to collect systematically, at the global level, all existing information on financial flows from developed countries or multilateral institutions to developing countries. At present, all information relating to such flows came from a number of sources, the most important of which was the Development Aid Committee (DAC) of the Organization for Economic Co-operation and Development (OECD), but the DAC's statistics covered only its member countries whereas financial flows now came from countries members of the Organization of the Petroleum Exporting Countries (OPEC) and from certain planned-economy countries which were not members of DAC. In addition, there was the World Bank, which collected, through its reporting system, information on financial flows to a number of developing countries.

22. In view of that need for comprehensive statistics, the Group of Experts suggested that the UNCTAD secretariat should first hold consultations with the sources of information on financial flows in order to ascertain to what extent such information could be systematically collected at the global level and then to report to the Group of Experts so that the latter could examine ways of developing, harmonizing and using such information and incorporating it within a comprehensive framework for the Board itself for the purpose of reviewing the implementation of the International Development Strategy. The UNCTAD secretariat should be in a position to carry out that task, owing to the satisfactory contacts which it maintained with the member countries of OPEC and DAC and with all the other sources of financial flows.

23. To that end, it would perhaps be necessary to entrust the Group of Experts, which had so far had rather vague functions, with the more specific task of elaborating an integrated information system. That task would perhaps require additional staff in the UNCTAD secretariat, but the importance of the matter fully justified that. In that connexion, he drew attention to paragraph 32 of the report which mentioned the functions that could be assigned to the Group of Experts, which would have a maximum of 15 to 20 suitably qualified members and which should meet regularly, possibly once a year.

The meeting rose at 4.15 p.m.

TD

Distr.
GENERAL

TD/B/SR.459
29 April 1977

ENGLISH
Original: FRENCH

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Eighth Special Session

SUMMARY RECORD OF THE 459TH MEETING

held at the Palais des Nations, Geneva,
on Tuesday, 26 April 1977, at 4.40 p.m.

President Mr. Walker Jamaica

CONTENTS

Review and appraisal of the implementation of the International Development Strategy, the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States, and General Assembly resolution 3362 (S-VII) on development and international economic co-operation (agenda item 2) (continued)

Other business (agenda item 4):

Draft decision on tungsten

This record is subject to correction.

Participants wishing to make corrections should submit them in writing to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva, within one week of receiving the record in their working language.

Corrections to the records of the meetings of the Board at this session will be consolidated in a single corrigendum to be issued shortly after the end of the session.

GE.77-64583

REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES, AND GENERAL ASSEMBLY RESOLUTION 3362 (S-VII) ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (agenda item 2) (TD/B/642 and Add.1 and 2, TD/B/646) (continued)

1. Mr. KUCHARSKI (Poland), speaking on behalf of the Group D countries, said that the position of those countries had not changed since their joint statements at the General Assembly (A/9074 and A/9309), at the sixth special session of the Board (TD/B/L.592) and at the fourth session of the Conference (TD/211). Moreover, at the last session of the General Assembly, the delegation of the USSR had circulated a statement on the restructuring of international economic relations (A/C.2/31/2) which had received the full support of the delegations of the other socialist countries.

2. The socialist countries were aware of the considerable changes which had occurred during the 1970s, both internally and externally, in the developing countries. National liberation struggles had been successful in Asia and in Africa, as had the struggle to liquidate economic colonialism. During that period, the socialist countries had watched with satisfaction many newly independent States strengthen their sovereignty and their control over their national resources. That irreversible evolution was reflected in the strengthening of the democratic and revolutionary forces which sought a radical transformation of the situation and in the fact that developing countries had chosen the path of socialism. As their contribution to the implementation of the recommendations mentioned in the title of agenda item 2, the socialist countries were continuing to help the developing countries in their fight to gain control over their destinies.

3. It was true that most of the developing countries were in a serious economic situation and that their future development justifiably aroused keen concern. Their difficulties were mainly due to the systematically destructive effect of the economic laws of capitalism, which perpetuated their dependence and their exploitation by the capitalist monopolies, particularly the transnational corporations. The socialist countries had never thought that the economic development of the developing countries would be automatically stimulated by that of the capitalist countries. The present world economic situation in fact created inequality and dependence, with the result that the developing countries were bearing the brunt of the crisis in the developed countries.

4. On the basis of their own experience and that of the countries of Asia, Africa and Latin America, the socialist countries considered that, in order to promote development and satisfy the needs of the masses, countries must discard outmoded relationships, strengthen their sovereignty over their natural resources and acquire an independent national economy. By selecting an economic and political system constructed on socialist bases, they might hope to overcome their present difficulties.

5. The countries members of the Council for Mutual Economic Assistance (CMEA), meeting in July 1976, had reaffirmed in their final communiqué their support for the developing countries which were seeking to strengthen their economic and political independence, as well as their determination to attain the goals set in the Declaration and the Programme of Action on the Establishment of a New International Economic Order. In November 1976, the countries members of the Warsaw Treaty had decided in favour of restructuring international economic relations on an equitable democratic basis, and on the basis of the equal rights of all States, and had declared that they supported, in principle, the programme for international co-operation proposed by the developing countries and non-aligned countries.

6. Reviewing various specific questions falling within the competence of UNCTAD, he said that the socialist countries were ready to co-operate in the implementation of the Integrated Programme for Commodities. With regard to the transfer of technology, they had transmitted to the appropriate UNCTAD bodies specific proposals concerning a code of conduct for the transfer of technology. Finally, they were ready to participate in a constructive spirit in the work in UNCTAD on manufactures, shipping and monetary reform.

7. The satisfactory development of co-operation between the socialist countries and the other countries members of UNCTAD depended on the extent to which the proposals made to that end took into account the basic features of the socialist countries which differed from those of the capitalist countries. The former, for instance, had never considered themselves bound by decisions based on the false conception of the division of the world into rich and poor, which did not take account of the fact that certain countries were responsible for the economic difficulties of the developing countries, while others were genuinely helping them to overcome those difficulties.

8. From 1970 to 1975, trade between the CMEA countries and the developing countries multiplied 2-3-fold and, as the Secretary-General of UNCTAD had stated, there were extensive possibilities for the further development of trade and co-operation between the two groups. However, that would also depend on the endeavours of the developing countries themselves, including the terms they offered to the socialist countries, which should be not less favourable than those they extended to the capitalist countries.

9. The definition of the strategy for the 1980s called for a detailed study, based on experience and the problems of international co-operation. It would therefore be premature to formulate specific recommendations concerning the programme for the Third United Nations Development Decade. In the view of the socialist countries, the strategy for the Third Decade must be based on the assumption that, while a new international economic order was essential for acceleration of the development of the developing countries, the progress of the latter would depend primarily on the efforts they made to assume control of their internal resources and to assure their economic independence.

10. Moreover, if a development strategy was to be realistic, it must clearly take into account the benefits which would accrue from the cessation of the arms race, and particularly the nuclear arms race. It would be difficult to establish a new international economic order without an increase in détente; accordingly, the socialist countries would continue to support the efforts of the developing countries to ensure international détente, peace and security.

11. Mr. MONTGOMERY (Canada), speaking on behalf of the Group B countries, said they agreed that a number of the aspirations set out in the International Development Strategy now seemed unlikely to be fully realized by all the members of the Group or by all the developing countries; that was not at all surprising, in view of the shocks suffered by the world economy at the beginning of the Decade.

12. Any serious analysis of the weaknesses of the Strategy called for reflection on the various factors determining the widely differing measures of success achieved in different countries, regions and sectors. The breakdown adopted by the secretariat in its study of the recent economic experience of developing countries (TD/B/642/Add.2) offered useful pointers for future work. The plain fact was that no international development strategy could succeed if it was not firmly based on the experience and the specific needs of the developing countries themselves. Those needs had, moreover, been defined at the international level in the concept of "basic needs" adopted at the International Labour Organisation's World Employment Conference.

13. The scope of the measures which had been taken recently should not be underestimated. In addition to the events mentioned by the spokesman for the Group of 77, there had been the establishment of the International Fund for Agricultural Development, the reconstitution of the resources of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), the creation of the Trust Fund, the considerable expansion of the quotas of the International Monetary Fund (IMF) and the extension of its compensatory finance facility.

14. Some of the members of the Group B had achieved the 0.7 per cent target for development aid and others were near to it. Others had not yet succeeded in achieving it, which was not surprising, the range of GNP and GNP per capita in the Group being not far short of that shown by the developing countries. It was, of course, statistically true that if all the Group B countries had achieved the target of 0.7 per cent, the current deficit of the developing countries as a whole would have been halved; but it was also true that the member countries of the Development Aid Committee (DAC) of the Organization for Economic Co-operation and Development continued to provide 80 per cent of the concessional flows.

15. The Group B countries had also distinguished themselves by effecting a shift in their public aid in favour of the least developed countries. They had combined their efforts with those of the members of the Organization of Petroleum Exporting Countries (OPEC), in response to the appeal launched by the Secretary-General of the United Nations on behalf of the countries most seriously affected by the crisis. The OECD countries were also tending increasingly to assign a large proportion of their resource transfers to the poorest countries. Finally, a number of agreements had been concluded between developed and developing countries, some of them offering specific advantages to the least developed countries.

16. In the field of trade, since the beginning of the Second Development Decade, nearly all the major western trading nations had introduced and gradually improved schemes of generalized preference and the preferential treatment granted to the developing countries left them every latitude to conclude supplementary preferential arrangements among themselves. Furthermore, a number of Group B countries and groups of countries had taken steps to promote imports from the least developed countries to their markets, sometimes even creating permanent agencies for that purpose. The question of adjustment assistance was also under active consideration and programmes had been established in several countries. Meanwhile, new concessions had been granted in the context of the multilateral trade negotiations and the question of non-tariff barriers continued to be examined there.

17. As far as commodity trade was concerned, Group B found it hard to accept the view of the Group of 77 that there was a requirement for a change of attitude on the part of the developed countries and for a speeding up of the timetable. Important negotiations were currently under way on sugar, rubber, copper and hard fibres, and other negotiations were about to begin on an entire range of products. It was true that the Negotiating Conference on a Common Fund had been a disappointment for many, but it had at least resulted in a further clarification of the issues and in bringing the parties involved closer in a number of important areas. Negotiations on such a complex question required time.

18. As well as those achievements which were already effective, serious work was currently under way in order to attain various objectives. The preparation of a code of conduct for the transfer of technology was proceeding and the complementary work on restrictive business practices was making progress. The Group B countries hoped that the Conference on International Economic Co-operation would lead to the results expected and they trusted that the ministerial session of the Board would take useful decisions on the limited number of carefully selected items placed on its agenda. The Group B countries considered that all those initiatives offered sufficient evidence of the political will which existed in the Group. They hoped that the International Development Strategy might be given a new interpretation, which would further translate concepts into facts and take account of practical experience, regard being had to the basic needs and the special situation of the developing countries.

19. With regard to the question of economic co-operation among developing countries, the Group B countries very much sympathized with the wish of those countries to further their own self-reliance and believed that they could help them in a number of areas. Co-operation among the developing countries must take place within the general context of the co-operation and interdependence which had come to mark relations between all countries, whatever their social and economic level. It was in that spirit that the Group B countries were ready to participate constructively in the work of the Committee on Economic Co-operation among Developing Countries.

20. Mr. AN (China) said that since the Board had last reviewed the implementation of the International Development Strategy, the international situation had been marked by much disorder, which served to strengthen the political consciousness of the peoples in their struggle against imperialism, colonialism and economic hegemony. At several conferences - the Ministerial Meeting of the Group of 77, the Conference on Economic Co-operation among the Developing Countries and the Fifth Conference of Heads of State or Government of the Non-Aligned Countries - the developing countries had adopted resolutions calling for the strengthening of their mutual economic co-operation and the establishment of a just and equitable new economic order, giving expression to the spirit of militant solidarity which united them. The Afro-Arab Summit Conference recently held in Cairo had demonstrated the strength and determination of the oil-producing countries and the raw material-producing countries. Encouraged by those results, the developing countries had strengthened their unity and had won other victories for their economic independence, the defence of their national rights and interests and the development of their economies.

21. Seven years after the start of the Second Development Decade, many of the measures called for had not been implemented. The gap between the rich and poor countries continued to widen, the growth of the developing countries was slow, their debts were increasing at a phenomenal rate and their terms of trade were continuing to deteriorate. More and more developing countries were coming to realize that, in

order to assure their economic expansion, they must rely primarily on their own efforts, strengthen their mutual co-operation and re-structure the present international economic relations based on monopoly, control, exploitation and plunder. On their initiative, the General Assembly had adopted the resolution calling for the establishment of a new international economic order. The Charter of Economic Rights and Duties of States laid down certain correct principles on the question of international economic and trade relations. At its fourth session, the Conference had adopted a resolution on the establishment of an integrated programme for commodities. At the same time, the developing countries had taken action to safeguard their permanent sovereignty over their natural resources, to regulate foreign investment and the activities of the transnational corporations and to set up associations of countries producing raw materials. They were striving to develop their agricultural production, increase their self-sufficiency in food production, develop their industries and diversify their production and exports.

5. Despite numerous rounds of discussions and negotiations, no result had yet been achieved on commodities, the debt question, monetary reform, the transfer of technology, trade in manufactures and the establishment of a common fund for an international stock of commodities; that proved that the establishment of a new international economic order was an arduous task which would certainly encounter all kinds of obstacles. The two super-Powers were obstinately defending the old economic order, and, in particular, the Power which claimed to be the natural ally of the developing countries was engaged in a frenzied arms expansion, under the cover of détente. It was contending with the other super-Power to extend its hegemony to strategic points and raw-material-producing areas, carrying aggression everywhere, aggravating international tensions and, on the pretext of reducing the gap between the poor and rich countries, was exploiting the developing countries while shirking all its responsibilities. Still more dangerous than the former colonial Powers, it constituted a serious obstacle to the establishment of a new international economic order.

6. In the Declaration on the Establishment of a New International Economic Order, the General Assembly had pointed out that the continuous widening of the gap between the developing and developed countries was the outcome of the old economic order and it had put forward a number of appropriate principles and measures which reflected the common demands of the developing countries. Efforts should be made to implement that programme and to base the review and appraisal of the Strategy and all international development policies on the idea of a new international economic order. Within its sphere of competence UNCTAD should ensure full implementation of the correct principles enunciated in the resolutions adopted by the General Assembly at its sixth and seventh special sessions and by the Conference at its fourth session. The developing countries would win further victories if they strengthened their unity and co-operation and combined their efforts to put an end to the machinations of the super-Powers.

24. Mr. SHIHAB (Observer for the Council of Arab Economic Unity), speaking at the invitation of the President, said that, at the start of the Second United Nations Development Decade, the whole world had hoped that it would be possible to eliminate within those 10 years at least the main causes of the failure of the First Decade. As the Decade was drawing to a close, the developing countries were reviewing, with some bitterness, the progress achieved on their behalf, and it was now widely acknowledged that their hopes had been dashed.

25. The causes of the set-back were known. First, although the peoples of the Third World accounted for 70 per cent of the world's population, the overall income of the Third World countries, including the petroleum-producing countries, accounted for less than 9 per cent of total world income. Second, the raw-material-producing countries received only 15 per cent of the final price at which the products they exported were sold to the consumer, the balance remaining in the hands of companies in the developed countries as a result of the marketing, transport, insurance and other operations they carried out. Third, the developing countries received only 4 per cent of the total of the loans granted by IBRD and IDA. Fourth, they supplied only 7 per cent of world industrial production, despite their efforts to industrialize, and it should also be noted that production was restricted to a small number of developing countries and to certain specific sectors such as textiles, cement and motor vehicle assembly. Fifth, their indebtedness had increased to the point where debt servicing accounted for more than 50 per cent of the volume of official development assistance (ODA) from the developed countries. Moreover, many developing countries, particularly the least developed countries, were unable to arrange their debt servicing in an organized way and that had a very adverse effect on the implementation of their development plans in the economic and social fields. Sixth, although the developing countries had been invited to contribute the equivalent of 1 per cent of their GNP, ODA had not exceeded 0.5 per cent. Seventh, an inflationary recession in recent years in the developed countries had led to a levelling off in their imports of raw materials, which had resulted in a sharp decline in the export earnings of the developing countries, accompanied by a rise in the price of the capital goods needed for economic development.

26. It was true that substantial efforts had been made at the international level to remedy that situation and, up to 1976, the developing countries had remained relatively optimistic and had hoped that the international community would take action to try to establish a new world economic order during the final years of the Decade. Accordingly, at the fourth session of the Conference, they had sought to ensure that an agreement would be reached on several important recommendations. However, it was clearly not enough to adopt recommendations; the will to implement them was also needed. He was compelled to note, one year later, that no progress had been achieved.

27. The Council of Arab Economic Unity hoped that the Trade and Development Board would take into account the analysis of the situation made by the Group of 77 and would take positive decisions at the session so that its work would not be limited to reviewing the implementation of the Strategy, but would also focus on ways and means of accelerating the implementation of the recommendations already adopted.

28. The Council of Arab Economic Unity recognized the great importance of economic co-operation among developing countries, at the regional, intra-regional and sub-regional levels, as a pivot of the new international economic system. The spokesmen for the Group of 77 had mentioned that that sector was one of the few in which progress had been made during the Second Decade. The implementation of the resolutions recently adopted by the Conference on Economic Co-operation among Developing Countries should enable new objectives to be achieved and the Council of Arab Economic Unity hoped that UNCTAD and the other organizations concerned would redouble their efforts, in the period remaining before the end of the second decade, to study ways and means of making a fresh start on the economic development of the Third World.

29. The present session of the Trade and Development Board should mark the beginning of formulation of the framework to be adopted for the strategy for the next development decade.

30. Mr. CASTELLANOS (Venezuela) noted that almost three years had elapsed since the General Assembly had adopted the Declaration on the Establishment of a New International Economic Order based on equity, sovereign equality interdependence, common interest and co-operation among all States. Virtually nothing had been accomplished, however, and the developing countries had repeatedly expressed their disappointment. In his report on a viable development strategy (TD/B/542), the Secretary-General of UNCTAD noted that the idea, seemingly still defended by many developed countries, of relying primarily on market forces to pass on the economic expansion in the developed countries to the developing countries had given way in the developing countries to different policies, based on reduced economic dependence, the desire for collective economic independence, interdependence and international co-operation.

31. The Strategy for the Second Development Decade had been planned simply as an extension of the First Decade, designed to preserve the old order, despite the meagre results achieved during the First Decade. It was likely, moreover, that the need for a new international economic order would not have been recognized if the economic crisis had not intervened to demonstrate the interdependence of all countries. It was therefore important to alter the strategy radically. Moreover, it should not be forgotten that the struggle of the countries which had had to free themselves from colonial domination was now taking place in a world which was more mature, as the representative of Poland had pointed out on behalf of the Group B countries.

32. His delegation noted that paragraph 24 of the document he had mentioned referred to the "evident disarray of present international development policies, in their inadequacy in dealing effectively with the development crisis now facing the developing countries (other than oil exporters)". The report thus appeared to place in a separate category the developing countries which were oil exporters, which nevertheless also suffered from a "development crisis" and did not have sufficient economic autonomy, portraying them as enjoying special privileges, whereas in reality it was elsewhere that those with privileges should be sought.

Paragraph 34 of the same document indicated that in the annual deterioration of the trade balance of developing countries for the period 1974-1976, which had totalled over $20 billion, petroleum accounted for about $8 billion. That meant that, in the case of $12 billion (or 60 per cent), the deterioration was due to the recession and inflation in the developed countries. Further on (paragraph 50), it was stated that total financial commitments by OPEC countries, in the form of flows of aid and of non-concessional loans to other developing countries, had stood at $8.1 billion in 1974 and $9 billion in 1975. It was also stated that that OPEC aid was basically untied and contained a high degree of general programme (including balance-of-payments) support. That had been recognized at the present meeting by the representative of Canada, speaking on behalf of the Group B countries, for which his delegation was grateful. In comparison, the industrialized countries, with a few exceptions, had not achieved the 1 per cent target, or even the ODA target of 0.7 per cent, according to information provided by OECD itself.

33. In point of fact, the assistance provided by the industrialized countries did not deserve any praise, since it was not "given" but "lent". Two years previously, in one highly industrialized country, one job out of seven depended on the sale of manufactured goods to the Third World. That proportion had now increased to one out of six. Eighty per cent of each monetary unit invested in "development aid" returned to that "donor" country. In the same country, for each monetary unit which went into the funds of the World Bank, two monetary units returned to the country. In other cases, the same profit amounted to three monetary units. Of the resources provided by another country to the International Development Association (IDA), 93 per cent returned to that country. Evidence of that situation was provided, on one hand, by the massive and increasing indebtedness of the countries of the Third World and, on the other, the impressive increase in the international reserves at the disposal of the industrialized countries, which even IMF had recognized.

34. All that contrasted with the genuine aid granted by the petroleum exporting countries, which were being portrayed as playing a sinister role. The multiplyer effect of that assistance had no repercussions on their economies; it benefited the economies of the industrialized countries, because it was from them that the countries receiving assistance from OPEC purchased the capital goods they needed. The assistance given by the OPEC countries was the expression of true solidarity, to which they had committed themselves, although under no obligation to compensate for any extortion in the past, in order to assist, without conditions, other developing countries to become independent. He wished to stress that each monetary unit granted by a country member of OPEC constituted part of its non-renewable wealth which would no longer be available for future generations. To show that the generosity of the industrialized countries had been, as had been said, "microscopic" rather than "massive", he quoted the example of a European country whose trade balance had showed a surplus of over 60 million monetary units in 1976 and which had allocated only 3.7 million monetary units to ODA in 1975 while, in the same year, the Ministry of Health of that country had estimated at 17 billion monetary units the cost of illnesses caused by overeating.

35. His delegation was sceptical about the possibility of rethinking the world strategy by seeking to commit the developing countries alone. A new strategy should have as its pivot international co-operation which, in turn, should be based on a proper understanding of the problems of development and the problems of dependence in all their forms and should not be divided up. Such co-operation was possible only in the context of a new international economic order. It was essential for the international community to move towards such a change by seeking to implement its decisions effectively, failing which the final change would come about on its own, with disastrous and painful consequences.

36. Mr. EL-SHAFEI (Egypt) said that he wished to make some comments, on behalf of the Group of 77, on the very interesting statements made during the meeting.

37. First of all, the countries of the Group of 77 were grateful to the delegation of the People's Republic of China, whose statement reflected thinking similar to their own with respect to the agenda item under consideration, and which had stressed the political determination of its Government fully to support the interests of the developing countries.

38. The Group of 77 was also glad that, contrary to what might have been feared, the spokesmen of Groups B and D had each been able to define a common position. The spokesman for Group D had clearly explained the many reasons for the backwardness which the developing countries had acquired under régimes of colonialism and exploitation, and those countries were grateful to the Group D countries for what they had done to support the struggle of peoples seeking to free themselves from domination and to attain independence. Many peace-loving countries still needed assistance to achieve that objective. The spokesman for the Group D countries had also made a very fair analysis of the causes of the present economic situation, and it was to be hoped that, once the interdependence of all countries had been recognized, the developed countries of both groups would appreciate the need to support international co-operation efforts, in order that they might bear fruit.

39. He deplored the fact that the spokesman for the Group D countries should have thought it premature to formulate at the present session specific recommendations on the strategy for the next development decade. Since the end of the Second Decade was no longer very far away, all the members of UNCTAD represented at the present special session, should not content themselves with merely taking stock of the situation, but should also reflect together on the new path which the next strategy should follow.

40. The countries members of the Group of 77 were grateful to the Group D countries for having indicated their willingness to continue or to renew a constructive dialogue, for which the developing countries had been calling for two years, and whose results had thus far been extremely disappointing, despite the opposite impression which the spokesman for Group D had sought to give. They would like an assurance of the existence of a political will to reach agreement on the many specific measures which they would like to see implemented.

OTHER BUSINESS (agenda item 4)

DRAFT DECISION SUBMITTED BY THE TUNGSTEN-PRODUCING COUNTRIES AT THE TENTH SESSION OF THE COMMITTEE ON TUNGSTEN (TD/B/C.1/204)

41. The PRESIDENT drew attention to the fact that, at the tenth session of the Committee on Tungsten, the spokesman for the tungsten-producing countries had requested the Secretary-General of UNCTAD to invite the Board, at its eighth session, to take appropriate action on the draft decision concerning the convening of a negotiating conference on tungsten, before which an inter-governmental group of experts would meet (TD/B/C.1/204, para. 16 and annex III). The secretariat had suggested that informal consultations might be held on the question. He suggested that the question should be referred to the Contact Group.

42. Mr. MONTGOMERY (Canada) suggested that the President, the members of the Bureau and the co-ordinators of the regional groups should first meet to consider the best way of proceeding.

43. It was so decided.

The meeting rose at 6.30 p.m.

TD

Distr.
GENERAL
TD/B/SR.460
28 April 1977
Original: ENGLISH

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Eighth Special Session

SUMMARY RECORD OF THE 460TH MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 27 April 1977, at 11.30 a.m.

President: Mr. LAGERFELT (Sweden)

CONTENTS

Review and appraisal of the implementation of the International Development Strategy, the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States, and General Assembly resolution 3362 (S-VII) on development and international economic co-operation (agenda item 2) (continued)

This record is subject to correction.

Participants wishing to make corrections should submit them in writing to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva, within one week of receiving the record in their working language.

Corrections to the records of the meetings of the Board at this session will be consolidated in a single corrigendum to be issued shortly after the end of the session.

REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES, AND GENERAL ASSEMBLY RESOLUTION 3362 (S-VII) ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (agenda item 2) (TD/B/642 and Add.1 and 2, TD/B/646, TD/B(S-VIII)/CRP.1, TD/B(XVI)/CRP.5, TD/B(XVII)/CRP.1) (continued)

1. Mr. EL SHAFEI (Egypt) said that it was essential to review the aims and underlying philosophy of the International Development Strategy. The 1970s had been marked by economic recession and a consequent decline in the rates of development of developing countries, which had fallen short of the targets set in the Strategy. General Assembly resolutions 3201 (S-VI), 3202 (S-VI), 3281 (XXIX) and 3362 (S-VII) now constituted the basis for efforts by the international community to achieve greater equity in international economic relations and to allow developing countries fully to exercise their sovereign rights to exploit their raw materials, to derive the full benefit of the income therefrom and to enjoy freedom from outside intervention by former colonial Powers and multinational corporations. A new international economic order was particularly needed in order to make good the evils of the past and to assist countries which had formerly suffered from colonialism and racial and other discrimination.

2. In the two remaining decades of the twentieth century, the development strategy must be adapted to the requirements of the new international economic order. The reports in documents TD/B/642 and Add.1 and 2 clearly showed that the goals of the Strategy were far from attained, particularly with regard to the overall growth and volume of the trade and the terms of trade of the developing countries. The 0.7 per cent target for development aid had not been reached, nor had there been any progress in creating a link between SDRs and development assistance. Development efforts had been hampered by the increased proportion of monetary resources in development aid and the decline in the value of many currencies. Low-income countries, in particular, were experiencing balance-of-payments deficits and an extremely heavy debt-servicing burden. In addition, the Conference, at its fourth session, had failed to adopt measures which could have been of vital importance for the development of those countries, particularly in the areas of compensatory financing, debt rescheduling and the strengthening of international credit arrangements.

3. In those circumstances, it was to be hoped that worldwide solutions to the many problems facing developing countries could be found, and his delegation therefore eagerly awaited the outcome of the Paris Conference on International Economic Co-operation and of the multilateral trade negotiations. There was an obvious link between the success of those negotiations and the implementation of the International Development Strategy, and the developed countries must therefore increase their efforts to fulfil the commitments which they had undertaken in the Tokyo Declaration, particularly by providing preferential treatment for imports, including textiles, from developing countries.

4. Particular measures were needed, in accordance with General Assembly resolution 31/178, to assist countries subjected to foreign aggression and occupation, racial discrimination, apartheid, colonialism and neo-colonialism, although the report by the Secretary-General of UNCTAD made no mention of the situation in those countries. Another group for which special measures were required was that of the least developed countries, the solution of whose problems lay at the very heart of international economic development and stability.

5. Mr. HAUGESTAD (Norway) noted with regret that little progress had been made towards the goals set in the International Development Strategy and that the gap between rich and poor countries was widening. The Norwegian Government supported the establishment of a new international economic order and was ready to co-operate in UNCTAD and other international organizations in efforts to agree on measures which would bring greater stability and equity to the world economy. A willingness to discuss and decide the structural changes required might be the single most important contribution which the international community could make towards the fulfilment of the objectives of the Strategy.

6. It was regrettable that, while developing countries faced a steadily increasing burden of debt servicing, the total transfer of resources in real terms was tending to stagnate. The Norwegian Government, which regarded the acute financial problems facing developing countries with serious concern and had attained the 0.7 target for official development assistance in 1976, had proposed for Parliamentary approval a gradual increase in Norway's official development aid programme to enable it to reach the 1 per cent target in 1978 and, by annual increases in the total aid budget of 0.1 per cent of GNP, to attain the figure of 1.3 per cent by 1981. Norway supported the establishment of international arrangements to offer immediate relief to developing countries suffering from a heavy debt burden.

7. Developing countries would not be able to achieve stable export earnings and steady growth until agreement could be reached on an efficient stabilization system for commodities. The Integrated Programme for Commodities was the most ambitious and important venture under negotiation as part of the new international economic order, and despite the failure to reach agreement at the Negotiating Conference on a Common Fund, the Norwegian Government hoped that agreement could be reached on the political guidelines needed for a resumption of negotiations later in 1977. To that end, the Ad Hoc Intergovernmental Committee would have to review the negotiations under way and any major outstanding problems would have to be brought to the attention of the Board when it met at ministerial level.

8. Any substantial increase in the standard of living of poorer countries would have to be based on a broadly diversified and technologically adequate economy. That assumed the restructuring of the international economy to enable developing countries to obtain a greater share of the world market for goods and services, as well as the adaptation of the developed countries' production. With regard to the generalized system of preferences, the Norwegian scheme had recently been extended and further extensions were under consideration, while the least-developed countries were offered duty-free access to the Norwegian market for all their products. Developing countries had not taken full advantage of the system, however, and the Norwegian Government had therefore established an import promotion office to assist them. It had also decided in principle to assist in any restructuring of Norwegian industry which might be required as a result of increased imports from developing countries.

9. Increased access to markets could also be expected to result from the multilateral trade negotiations. The Norwegian Government considered that the most-favoured-nation principle could be combined with the principle of preferential treatment for developing countries and was prepared to give continued support to the inclusion in the General Agreement of a permanent set of obligations concerning relations between rich and poor countries.

10. In the longer term, the code of conduct for the transfer of technology would be an important instrument for promoting know-how in the developing countries. It was important, however, to ensure that the code agreed upon would not be such as to discoura active participation in it of the main providers of technology.

11. In order to strengthen Norway's industrial co-operation with developing countries, a new financing facility would be made available for projects involving Norwegian industry in those countries.

12. Increased diversification of the economies of the developing countries should include greater participation of those countries in the shipping sector. Norway had declared its readiness to reserve 40 per cent of liner conference cargoes in trade with the developing countries for ships of those countries. It could not, however, support the system of bilateralism set out in the Code of Conduct for Liner Conferences, since in that instrument preferential treatment was also accorded to highly industrialized countries.

13. It was clear that the development process under consideration would be successful only if it was actively supported by a large number of the industrialized countries. It was equally clear that the final results would depend upon the skill demonstrated by the developing countries themselves in steering their national economic and social processes. The members of UNCTAD were engaged in a strategy of common responsibility for solving social injustices. While the common responsibility lay with Governments, the ultimate objective of UNCTAD's efforts was the well-being of individuals. The Governments of developing countries had a special responsibility to ensure a just and equitable distribution of national resources, avoid undue discrepancies in income, supply the basic needs of individual citizens and safeguard human rights.

14. The new international economic order was based on the concept of one world community. Given the dissimilarity between countries' social and economic conditions, gains could be made through closer co-operation between developing countries with similar or complementary needs and abilities. To the extent that the concept of collective self-reliance could be promoted by such co-operation and could strengthen the economic and political role of the developing countries in their broader co-operation with the rest of the world, that concept should be encouraged and supported. Success for the new international economic order depended on the will to advance through co-operation between all countries.

15. Mr. ENE (Romania) said that both the representative of Egypt, speaking on behalf of the Group of 77 (at the 458th meeting), and the Secretary-General of UNCTAD, in the documents he had submitted to the Board, had referred to the failure of the International Development Strategy. In the opinion of his delegation, the Strategy had failed because the developed countries had not assumed their share of responsibility for its implementation. The starting point of the Strategy had been general awareness of the interdependence of developing and developed countries and of the fact that international co-operation for development was the common duty of all countries. Yet, it was only the developing countries that took any initiative to implement the Strategy.

16. In the past three years, the concept of development as formulated in the Strategy had been enlarged and elaborated in such documents as the Declaration and Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and General Assembly resolution 3362 (S-VII).

In addition, the Manila Declaration and Programme of Action, the decisions taken by the Conference at its fourth session and the proposals relating to the Integrated Programme for Commodities and the common fund had been designed to afford a framework for genuine international co-operation in solving the pressing problems facing the world economy.

17. The efforts of the Group of 77 to achieve a breakthrough in implementation of the Strategy and the other international documents to which he had referred had, however, met with opposition, and there had been a lack of political will to enter into the commitments necessary to bring about an improvement in the world economy. Attempts had been made to keep some international organizations, such as the Economic Commission for Europe, isolated from the global efforts required of the United Nations system as a whole for achievement of the objectives of the International Development Strategy. There had also been a tendency to create new structures outside the United Nations to consider world economic problems in which all nations and peoples were equally interested. The Strategy would remain meaningless unless all countries demonstrated the political will to contribute towards its implementation; in the absence of understanding and co-operation among all States, both developed and developing, it could not succeed.

18. In view of the interdependence of all countries, it was clear that in the implementation of the Strategy full account must be taken of the principles of the new international economic order. The fact that that order had yet to be achieved had had a detrimental effect on implementation of the Strategy. Economic instruments of domination and exploitation were still in existence. The activities of transnational corporations adversely affected international trade, particularly that of the developing countries. Some parts of the world were still subject to outside interference, a fact which generated tension among countries and peoples. The arms race, particularly in the nuclear field, not only endangered international peace and security but also frustrated the purposes and objectives of the Strategy, which envisaged the transfer of substantial resources to the developing countries through disarmament. New forms of economic discrimination had been introduced in international trade which had had the effect of increasing the imbalance among countries and adding to the public debts of the developing countries. Obstacles were placed in the way of access by those countries to science and technology and attempts were being made to divide the developing world through discriminatory treatment of individual countries. It was clear, therefore, that the Strategy could not be implemented until resistance to the establishment of a new international economic order had been broken down. Nothing short of a complete restructuring of international economic relations would place developing countries in a position to achieve an acceptable level of development.

19. Responsibility for achieving economic development and ensuring social justice undoubtedly lay, in the first instance, with the developing countries themselves. It was, however, only within an international framework that national efforts could become truly efficient. That meant that the developed countries, which shared the developing countries' interest in change, must be prepared to make many more compromises than the developing countries in order to achieve that change.

20. His delegation fully agreed with the Secretary-General of UNCTAD that the essential ingredients of a reshaped global development strategy were the national development strategies of individual countries, the international measures required to provide adequate support for national development efforts and the strengthening and acceleration of the development process on the basis of the collective self-reliance of Third World countries. Those three elements must constitute the pillars of the new international development strategy for the third United Nations development decade, which must be implemented in keeping with the requirements of the new international economic order. The new approach would require more definite institutional international machinery to direct the efforts of all countries towards achievement of the main objectives of the Strategy. In the opinion of his delegation, UNCTAD had at its disposal the necessary mechanism to enable it to contribute towards implementation of the Strategy. What was still required was that all countries should provide proof of their political will and determination to implement the agreements and commitments they had entered into.

21. Mr. LAZOVIC (Yugoslavia) said that there was undoubtedly a need to restructure international economic relations through the establishment of a new international economic order and thus provide enduring solutions to the world's economic problems. The weakness of the International Development Strategy had been revealed. It had been proved that the development of developing countries could not be achieved by integrating those countries into the existing world economic system. It had also been proved that the economic expansion of the developed countries could not, by itself, lead to a similar economic expansion of the developing countries.

22. The current world economic situation was characterized by the collapse of the post-war monetary system, the emergence of restrictive and protectionist policies in world trade, spiralling inflation, recession and mounting unemployment. The economic conditions of most developing countries continued to deteriorate and the widening gap between them and the developed countries continued to be a source of tension and conflict. The prevailing economic crisis had served to underline the interdependence of the constituent elements of the world economy and had provided the necessary impetus for the development of the new international economic order. Instead of concentrating on measures within the existing institutional framework, as did the Strategy, the aim of the new order was to restructure the institutional framework itself.

23. The Strategy, as it had been conceived at the beginning of the decade, had been a positive contribution to the evolution of international action for development. In the circumstances prevailing at that time, it had constituted a new departure, a commitment to policies designed to promote the development of the developing countries. It was important to bear in mind that the Strategy had been conceived as a dynamic process involving continuing review to identify shortfalls and to recommend policy measures, including new goals and policies as needed. Allowance had therefore been made in the Strategy for introducing new concepts and aims. As the General Assembly had stated in its resolution 3202 (S-VI), the Programme of Action on the Establishment of the New International Economic Order complemented and strengthened the goals and objectives embodied in the International Development Strategy. It was thus clear that the strategy for the third United Nations development decade should be devoted in its entirety to the establishment of the new international economic order as provided for in the resolutions adopted by the General Assembly at its sixth and seventh special sessions and in the Charter of Economic Rights and Duties of States.

24. His delegation agreed with the Secretary-General of UNCTAD that existing international development policies had largely failed to achieve their stated objectives. There was still strong resistance on the part of a number of developed countries to implementation of United Nations resolutions; the achievements of the Conference at its fourth session had fallen far short of the expectations aroused by the sixth and seventh special sessions of the General Assembly; the Negotiating Conference on a Common Fund had provided proof of the lack of political will to follow up even those decisions of the Conference at its fourth session that had been adopted by consensus; no headway had been made at the Paris Conference on International Economic Co-operation; the process of restructuring the international monetary system had come to a halt; and the external public debt of the developing countries had amounted to some $100 to $190 billion at the end of 1976. Despite those setbacks, his delegation believed that common sense would prevail and that a sound basis would be provided for the continuation of negotiations. It was important that the negotiations in Paris and within the United Nations, particularly those undertaken in UNCTAD in connexion with the Integrated Programme for Commodities and the establishment of a common fund, should succeed.

25. The developing countries were determined to secure their legitimate economic rights in international dealings through the use of their collective bargaining strength. They were fully committed to the establishment of the new international economic order, and believed that the negotiations under way should not be used as a pretext for delaying necessary action and decisions. The Colombo Summit Conference of Non-Aligned Countries had provided a clear expression of the determination of those countries to give effect to the principle of collective self-reliance.

26. In conclusion, he expressed the hope that all countries would co-operate in endeavours to transform the world economic structure, for the principles of the new economic order were in the interest of all.

27. Mr. PANKIN (Union of Soviet Socialist Republics) said that his delegation fully shared the views expressed by the representative of Poland on behalf of the group of socialist countries at the 459th meeting.

28. The matters before the Board at the present session were of special interest to his country. The statements by the leaders of the Soviet Union at the twenty-fifth session of its Communist Party had shown a willingness to support in every way progressive trends towards a restructuring of international economic relations on the basis of equal rights and mutual benefit; the liquidation of colonialism in the economic field; the strengthening of economic independence and the creation of conditions that would enable the developing countries to overcome their economic backwardness and protect their legitimate interests against neo-colonialist policies. His delegation therefore favoured appropriate action by the Board at its present session in support of implementation of the resolutions of the General Assembly.

29. At the present session, the Board was called upon to review the progress achieved in implementing the recommendations of the General Assembly and the effectiveness of its efforts would depend largely on identification of the root causes of the difficulties being experienced in international economic relations and in the economic development of the new States. His delegation believed that the ideas put forward in the report by the Secretary-General of UNCTAD (TD/B/642 and Add.1) deserved consideration and should be utilized in the preparations for further action.

30. His delegation's approach to the issues before the Board could not be separated from the experience of the Government of the Soviet Union. Of the 60 years that had elapsed since the October Revolution nearly 20 had been taken up by a period of the destruction and subsequent reconstruction of his country. Thus the basis from which the Soviet people had begun their efforts towards socialism were quite reminiscent of the current problems of the developing countries. His country, too, had been concerned with the achievement of economic independence and with improving a low level of production and culture in a backward society inherited from the Tzarist régime. The Soviet people had been eminently successful in overcoming those obstacles and that had enabled it to build a powerful country in a relatively short time.

31. Economic and social change, both quantitative and qualitative, had played a prominent part in the progress made in those 60 years. A new society of developed socialism had been built by involving all the workers in the decision-making process and mobilizing their contribution for the sake of the nation as a whole. By regarding man and his work as the primary factor, the Soviet Union had ended exploitation and made possible the creative development of all members of society.

32. The joint statement made earlier on behalf of the socialist countries gave their views on how the relevant General Assembly resolutions should be implemented. Those countries had not confined themselves solely to supporting the legitimate efforts of peoples to achieve their national independence but had constructed their whole system of economic relations with the developing countries so as to support those countries' efforts to achieve economic independence. During the first half of the 1970s, their trade with the developing countries had increased more than two-fold and their economic and technical co-operation with the developing countries had also greatly increased.

33. The effectiveness of such support could not be assessed in purely quantitative terms. In fact, his delegation considered quite unacceptable any quantitative assessment of the contribution of individual countries to projects carried out in co-operation with the developing countries. Such an approach ignored the main question of the ultimate effect of such operations on the developing countries themselves. His Government did not seek to obtain concessions from those countries or to establish control over their natural resources. Furthermore, it was in no way responsible for the multi-billion dollar annual losses incurred by the developing countries through transfers of profits and dividends as a result of investment of private capital. That major distinction should not be forgotten in any comparison of the economic relations between the developing countries and the socialist countries with those between the developing countries and the capitalist countries. If that difference was not taken into account, one could not speak of the degree of responsibility of individual countries or groups of countries for the unsatisfactory implementation of General Assembly decisions on major international economic problems.

34. The Soviet Union and the other socialist countries were doing their utmost to promote the restructuring of international economic relations on an equitable and democratic basis.

35. The representative of Egypt, in commenting in his second statement, on the joint declaration by the socialist countries, had suggested that those countries deemed it premature to try to formulate specific recommendations on the guidelines for and contents of the strategy for a third development decade. In fact, the socialist countries were not unaware of the time factor involved and they were not simply advocating a postponement of that formulation. They were anxious, however, that such important work should not be done in haste. The conditions of the present session and the fact that the relevant documentation had not been received in time meant that delegations were not sufficiently prepared to carry out thorough and meaningful work on the subject.

The meeting rose at 1 p.m.

TD

Distr.
GENERAL

TD/B/SR.461
9 May 1977

ENGLISH
Original: FRENCH

United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Eighth Special Session

SUMMARY RECORD OF THE 461ST MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 27 April 1977, at 3.30 p.m.

President: Mr. LAGERFELT (Sweden)

CONTENTS

Review and appraisal of the implementation of the International Development Strategy, the Declaration and the Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and General Assembly resolution 3362 (S-VII) on development and international economic co-operation (agenda item 2) (continued)

This record is subject to correction.

Participants wishing to make corrections should submit them in writing to the Official Records Editing Section, room E.4108, Palais des Nations, Geneva, within one week of receiving the record in their working language.

Corrections to the records of the meetings of the Board at this session will be consolidated in a single corrigendum to be issued shortly after the end of the session.

GE.77-64776

REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES AND GENERAL ASSEMBLY RESOLUTION 3362 (S-VII) ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (agenda item 2) (TD/B/642 and Add.1 and 2, TD/B/646) (continued)

1. Mr. HARAN (Israel) said that, at the preceding session of the Board, his delegation had already expressed some doubts concerning the conduct of a full-sc review and appraisal of the implementation of the instruments referred to in the title of the agenda item under consideration. It had emphasized that it considered the review and appraisal to be the least useful of the Board's activities and that, moreover, other appropriate United Nations bodies, such as the Economic and Social Council and the Committee on Review and Appraisal, were already carrying out that task. Moreover, according to the title of agenda ite the Board's discussion was not limited only to the aspects of the resolutions in question which were clearly within UNCTAD's competence. It should, however, be obvious that any widening of the Board's terms of reference with regard to review and appraisal would be counter-productive. As one example, he noted tha paragraph 11 of the report on the evolution of a new development strategy (TD/B/642) stated that insufficient emphasis had been placed on a "redistributi with growth" development strategy. It was certainly true that "qualitative and structural changes in society must go hand in hand with rapid economic growth", but the Board did not appear to be the appropriate body to consider that questi Nor did it seem appropriate for the Board to discuss the different ways in whic various countries had interpreted the Development Strategy and other instrument adopted by the General Assembly, particularly in view of the basic contradictio between those texts. Moreover, the report clearly indicated that the Declarati and the Programme of Action differed from the development approach adopted in t Strategy and even contradicted it, although the Declaration and the Programme o Action had often been interpreted as an endorsement or indeed a strengthening o the original Strategy.

2. With regard to the review and appraisal itself, it was not certain that, even with regard to the problems with which UNCTAD was competent to deal, the Board had adequate information to carry out the task entrusted to it. It would have been bette equipped for the task if it had been able to hear representati of the World Bank Group, the International Monetary Fund (IMF), GATT, FAO and t United Nations Development Programme (UNDP) describe the activities of those bodies which were related to the Second Decade. It would, in any case, be helpful for the Board to invite representatives of those organizations to the next review session.

3. That did not mean that the documentation provided by the secretariat was insufficient. In particular, the report on the results achieved by developing countries (TD/B/642/Add.2) contained some lucid conclusions concerning the progress made or the lack of progress made, as well as useful pointers to the main types of action to be taken.

4. The first conclusion to be noted was that, until 1973, the developing cou other than the oil exporting countries had come very close to attaining the 6 per cent annual growth rate target. Since then, the situation had changed completely and the worst results had, of course, been achieved by the least developed countries, to which UNCTAD had, fortunately, decided to grant the highest priority.

5. The second conclusion to be noted was that, among the developing countries which were neither oil exporters nor least developed, the results had varied greatly from one country to another. The secretariat had even succeeded in identifying the "developing fast-growing exporters of manufactures", which seemed to have done better than the rest. That was a useful starting point for future action by UNCTAD. In any case, different solutions would obviously have to be found for the different categories of developing countries and general debates on general problems should therefore be avoided. It was clear that the problems of the raw-material-producing countries were particularly acute and that no effort should be spared to speed up the negotiations on the Integrated Programme for Commodities and, in particular, on the establishment of a common fund, which was now being recognized as essential. Some had observed that such a programme should be formulated only within UNCTAD and that it should not be subject to the vicissitudes of other negotiations, such as the Conference on International Economic Co-operation. His delegation considered that the important thing was to "negotiate". The confrontation of conflicting views in UNCTAD was of little value in itself unless a true negotiating process had been initiated. If it appeared that negotiations conducted in another body might lead to the adoption of an over-all package deal, that fact must be recognized, on the understanding that the details of the package deal would then be negotiated in UNCTAD or elsewhere.

6. A third conclusion to be drawn was that the obvious deterioration in the aggregate terms of trade of all developing countries other than the oil-exporting countries in the first half of the decade had led to a substantial increase in their deficits, the average annual deficit in 1974-1976 being three times that of the preceding four years. It had been offset only in very small measure by the increase in concessional flows of financial resources. In that connexion, his delegation noted with regret that the documentation prepared by the secretariat gave details only of flows from countries members of the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD). With regard to concessional or non-concessional financial flows from other groupings, the secretariat had simply stated that they were characterized by a high degree of geographical concentration and by a relatively limited number of beneficiary countries. His delegation had therefore listened with great interest to the explanation given by the Venezuelan delegation.

7. Despite the increase in some assistance flows, the non-oil-exporting developing countries had to borrow more and more to maintain their already low levels of income and production and the total outstanding debt of the developing countries now probably exceeded $250 billion. That situation called for immediate action and UNCTAD must not waste any time in dealing with it.

8. Referring to the concept of "collective self-reliance", he noted with interest that, in paragraph 79 of his report (TD/B/642), the Secretary-General of UNCTAD had referred to the possibility of establishing new mechanisms for channelling financial resources from capital-surplus to capital-deficient developing countries. His delegation thought that such a solution might hold great promise for the future. His country would do all it could to further the concept of collective self-reliance.

9. Mr. LALL (India) said that he wished to draw attention to certain parts of the penetrating analysis submitted by the secretariat (TD/B/642). The facts and figures given in paragraph 28, tables 1 and 2, and paragraph 35 helped give some idea of the results achieved in the past 15 years.

10. The extent of achievement of the targets which had been set for official development assistance (ODA) could be judged by reading paragraph 31 of document TD/B/64../Add.1. It was to be hoped that the improvement referred to at the preceding meeting by the spokesman for the Group B countries was a sign of a more positive trend.

11. Referring to trade in manufactures, he said that, despite the commitments made and the resolutions adopted, the results had been even more disastrous. From 1970 to 1975, the developing countries' total exports of manufactures had increased by only $21 billion, whereas the developed countries' exports of manufactures had increased by $264 billion. In the period 1974-1975, the developing countries' exports had declined by 4.5 per cent, which meant that the situation was worse than it had been before the Second Development Decade. What had happened was that the developed countries had liberalized access to markets for manufactures which offered developing countries little or no potential for increased production or exports, while, at the same time, they had placed import restrictions on manufactures which did offer some growth potential. A few positive results had, however, been achieved, although not without difficulty, for example, in the field of textiles.

12. With regard to commodities, the terms of trade continued to deteriorate. In paragraph 24 of his report (TD/B/642), the Secretary-General of UNCTAD had referred to "the evident disarray of present international development policies". In fact, it was the entire international economic system that was in total disarray. It had been pointed out that a dramatic change had occurred in 1973, but even the Strategy for the Second Development Decade itself had not been formulated in one day. At the first and second sessions of the Conference, attention had been drawn to a number of problems and it could well be asked whether the disarray would be what it was today - with the increase in oil prices, inflation and unemployment in developed countries - if some of the ideas and suggestions put forward at those first two sessions had been adopted. Was there not a relationship between the disarray of present international development policies, in which those ideas had not been followed, and the disarray of the world economic system?

13. What recommendations did the Board envisage making, at the end of its current review and appraisal, for bridging the gap between expectations and achievements? A great deal had been said about negotiations, but negotiations were dealings between partners with equal bargaining power. There could obviously be no question of refusing to negotiate but, it should be recognized that, at present, certain negotiations were not possible. The ministerial meeting of the Paris Conference on International Economic Co-operation had been convened precisely because some countries members of Group B thought that it was impossible to negotiate with the Group of 77 as a whole because it had too many members. There was thus a gap between the "maximalist" position of the Group of 77 (based on the Declaration of Manila) and the "minimalist" position of the eight member

countries of the Paris Conference which were affected by the "crisis" ("stagflation", unemployment, etc.) and the requirement was to negotiate in order to agree on a package deal in which these two positions could be reconciled. In other words, the negotiation would be on what that group of eight countries, with all their obvious economic differences, could, and would agree to do (and not on what they should do) to meet the requests which the 19 developing countries taking part in the meeting would define as the strict minimum which needed to be done, not to achieve the objectives of the Second Decade, but, rather, to meet absolutely vital development needs.

14. He thought that some elements could now be regarded as likely to be accepted by the eight countries in question for inclusion in a package deal. First, it was generally agreed that, at least in some areas, the growing debt of the developing countries had reached such proportions that it threatened not only the results of those countries' development efforts, but also their hopes that the development process would ever "take off". All countries - and not only the poorer countries - knew from experience what a Government could do at the national level to awaken from the nightmare of indebtedness those who were bound hand and foot to their creditors. In that connexion, he drew the attention of those who were wondering whether debt alleviation might not harm the developing countries' reputation for creditworthiness to the fact that, as a result of measures taken at the national level, his country had found that the reputation for creditworthiness of debtors who had been released from their debts had increased even in the eyes of their former creditors. It therefore seemed quite reasonable to expect the eight countries he had mentioned to make a commitment with regard to debt alleviation.

15. Secondly, something might also be done with regard to ODA. If, for various reasons, some Group B countries found it impossible to reach the 0.7 per cent target, they might follow Norway's example. The Norwegian Government had just decided that, after having achieved the 0.7 per cent target and then the 1 per cent target, it would not stop, but, rather, would continue gradually to increase its official assistance at the rate of 0.1 per cent per year until it had reached 1.5 per cent in 1985. Might not that figure of 0.1 per cent per year (or some other percentage of GNP) be selected by the Group B countries which, at present, had reached only 0.3, 0.4 or 0.5 per cent per year? A firm commitment by each Group B country to increase its ODA contribution regularly every year for the next three to five years or, in other words, until the elements of the strategy for the Third Development Decade had been decided upon, might be included in the package deal.

16. Thirdly, he drew attention to an element which could not be measured in figures and which related to the link between special action to be taken by developed countries against poverty in the developing countries and the enjoyment of political rights and freedoms in those countries. In that connexion, he referred to the results of the elections which had just taken place in his country and from which the lesson should be drawn that voters wanted not only bread, but also freedom, and that it was now the responsibility of Governments to solve the problem of how to feed people in conditions of freedom. It also seemed - and he welcomed the fact - that the new Government of the United States was concentrating on ways of securing political rights for the masses in the poorer countries. He nevertheless wondered what should be made of the rumours he had heard at Brussels before the Indian elections to the effect that the level of co-operation with India might depend on the importance that country attached to democratic freedoms.

17. The developed countries should also undertake that, by financing the development of the poorer countries, they were giving them the means to purchase goods and merchandise and, consequently, providing a solution to the problem of underemployment in the developed countries. An increase in financial assistance of 10 to 20 per cent would produce clear benefits for both groups of countries. Special measures to increase ODA might therefore be negotiated, provided that the Group B countries and the Organization of Petroleum Exporting Countries (OPEC) were prepared to make their contribution, without expecting other countries to provide proof of good conduct.

18. The fourth element in the package deal related to manufactures of particular export interest to the developing countries and it might be negotiated separately at the North-South Conference. It was necessary, in particular, to ease the protectionist measures adopted by the developed countries against competitive manufactures exported by developing countries. India was particularly sensitive to such protectionism in the field of textiles because the textile industries of some developed western countries were at present in difficulty. Duties on some textiles were so high that Indian producers had had to decide unilaterally to reduce their production. The countries which were protecting their industries cited their level of unemployment as an excuse, but, for every five unemployed persons who might again obtain employment as a result of protectionist measures, there would certainly be 500 unemployed Indians. Could not some flexibility be introduced into the Agreement regarding International Trade in Textiles, in order to facilitate exports of carpets, jute manufactures, simple manufactures and other labour-intensive products? His delegation feared that the multilateral trade negotiations would lead to a reduction of import duties on more complex, capital-intensive manufactures, but that such duties would remain high for all manufactures which offered growth opportunities for developing countries. He urged the developed countries clearly to indicate what they were prepared to do in that connexion.

19. The fifth element in the package deal related to commodities. The developed countries wished to avoid any increase in surpluses; their main concern was to avoid waste and ensure supplies of "strong" commodities. Should the developing countries which produced those commodities be asked to accept a commitment to increase their production or make further investments in such production through transnational corporations? What those countries did not want was to increase their production only to have it wasted by consumers, who would, moreover, make great profits from it. In that connexion as well, it would be very helpful for the developed countries to indicate, at the Conference on International Economic Co-operation, the maximum they were prepared to do in their present situation and to commit themselves to that. If there was a gap between that maximum and the minimum requirements of the developing countries, the developed countries would have to state that they were prepared to pursue the discussion within the framework of continuing machinery which would have to be established.

20. He had certain suggestions to make with regard to the next International Development Strategy. It had been stated that the current Strategy did not adequately reflect the objective realities of the situation in various countries. He was, however, of the opinion that it was not the Strategy itself which was

deficient but, rather, the method followed in adopting its resolutions had been adopted by consensus, with reservations, it being understood that there would be some discordance between international commitments and national policies or, in other words, national sovereignty.

21. That discrepancy was something UNCTAD could do nothing about, although it could develop its techniques of persuasion and suggestion and its methods of monitoring the implementation of decisions. It could say which countries had fulfilled their obligations and which ones had not and draw up a balance sheet of burdens and benefits. His first suggestion was the following: taking the example of the Commission of the European Communities established by the Treaty of Rome, it might be possible to envisage a body composed of competent, high-minded persons who would listen to both sides, study the papers submitted and then make an assessment of the situation. Such a new method would be much more persuasive than the old one and was precisely what the international organizations needed.

22. The second suggestion related to the concept of interdependence, which was now recognized by Governments. Some countries however, were more dependent than others and all countries did not possess the same bargaining power. Consequently, for the Third Development Decade, some method might be conceived of transferring the burden of dependence, which was crushing certain countries, to an international organization, as well as a way of increasing the dependence of countries which were now less dependent.

23. His third suggestion was based on the idea the USSR had for some years been defending, namely that of the link between disarmament and development. The Group B countries might propose, for the periods 1977-1978 and 1978-1979, to devote a small percentage of the increase in their defence budgets to peace, thus helping to increase the independence of developing countries which were still too dependent. The sixtieth anniversary of the October Revolution would, moreover, be a good opportunity for the socialist countries to do the same.

24. As his fourth suggestion, he advocated a restructuring of the life style of various countries, regardless of the group to which they belonged, because all countries, without distinction, now seemed to be in difficulty and they therefore had to take some action. The wealthy societies could act by cutting down, while the poorer countries could adopt life styles which suited them, rather than the models offered them by the East or the West.

25. His fifth suggestion was that the concept of collective self-reliance or, more simply, of co-operation among developing countries, should apply to the international community as a whole or, in other words, to all groups of countries, because each group, whether it was composed of socialist or western countries or countries in the North or the South, had something to offer the others. A way should be found of starting a world development cycle in which all wealth - whether in the form of money, technology, manpower or industrial know-how - would be shared. In the contemporary world, all countries had to support one another because they all had immediate common interests and faced the same imminent dangers. There was now trouble in Pakistan, the Middle East and southern Africa. Where would it spread tomorrow?

26. Mr SANCHIS MUÑOZ (Argentina) said that his delegation would have liked the documentation to have focussed more on the progress made in implementing the Programme of Action on the establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and General Assembly resolution 3362 (S-VII), instead of reviewing the recent and perspective world economic situation. His delegation fully supported the statement made by the spokesman for the Group of 77 in that regard.

27. The report by the Secretary-General of UNCTAD on the evolution of a viable international development strategy (TD/B/642) contained original and sometimes controversial ideas; it was unfortunate that it had been circulated too late for it to receive all the attention it deserved.

28. An initial examination revealed some aspects of the international economic situation which should be used as a basis for reviewing programmes and strategies for the near future. The picture was largely negative: the international development policies pursued during the decade had largely failed, world economic growth had slowed down since 1973, the recommendations on the dismantling of tariff barriers, improvement of the transfer of technology and the achievement of aid targets had remained dead letters, international development policies were in total disarray, the GNP had declined in most developing countries, their terms of trade had deteriorated and their balance of trade deficit had reached a record ($33 billion), while almost all Governments, particularly those of the developed countries, were giving only slight priority to the measures recommended in the Strategy.

29. There were, however, some positive aspects, such as the increased financial aid from new sources, the progress of the negotiations in UNCTAD on a number of basic issues and the consensus achieved at the fourth session of the Conference on certain fundamental principles; but that was not enough. It was necessary to improve access to developed country markets for the products of developing countries, to ensure an effective and equitable transfer of technology, to increase the volume of transfers of resources for development and, more generally, to promote the establishment of a new, more equitable and more balanced international economic order. What was needed in UNCTAD was a political will to intensify action with regard to the Integrated Programme for Commodities, the common fund, shipping, the expansion and diversification of trade in manufactures, the control of restrictive business practices, financial and monetary questions, assistance to economic co-operation among developing countries, and perhaps even to technological co-operation among developed countries.

30. The means and strategies employed for the achievement of those objectives were inadequate. Chapter 3 of the above-mentioned report by the Secretary-General of UNCTAD should be examined more closely inasmuch as a new strategy could not be formulated unless there was a specific commitment by the international community to show a genuine political will, particularly in the case of those countries which previously had assumed greater responsibility and which still had a central role to play in the restructuring of international economic relations. The alternative was to consider that countries were poor because they wished to be, and that the most they could hope for was to pool their weaknesses. His country did not deny the importance of national development plans, of income-redistribution policies and of co-operation among developing countries, but it considered it also necessary to mobilize the political will and resources of the international community as a whole.

31. Mr. INGRAM (United Kingdom of Great Britain and Northern Ireland), speaking on behalf of the European Economic Community, fully endorsed the statement made by the spokesman for Group D. Although the results of the Second Development Decade had on the whole been disappointing, the Community's policies in the areas of assistance and trade had nevertheless evolved in a positive and interesting way.

32. In 1971 and 1972, the Community had defined its co-operation policy in a number of decisions and had taken specific measures to translate it into action. It had expanded its scheme of generalized preferences and had taken an active part in the multilateral trade negotiations. In 1974, at the sixth special session of the General Assembly, it had proposed that there should be "international action in favour of developing countries hit by ... recent trends in international prices", and, following the World Food Conference, it had increased its food aid. In 1975, it had signed the Lomé Convention and, in 1976, it had concluded global co-operation agreements with six Mediterranean countries, trade agreements with four developing countries in Asia and with two developing countries in Latin America. It had also established formal links with regional groups in South-East Asia and Latin America and was engaged in a dialogue with the countries of the Arab world.

33. Even during the most difficult years of the present recession, the Community had continued to increase its trade in manufactures and raw materials with the developing countries, of which it was not only the principal client, but also one of the major suppliers. Its scheme of generalized preferences, which had been introduced in 1971, had been progressively improved since then. The Community arranged seminars and trade fairs to assist the developing countries, particularly the poorer ones, in order to promote maximum possible use of the trade opportunities it offered.

34. In addition the Community had made a number of tariff reductions in the context of the multilateral trade negotiations, in particular in the field of tropical products, some of which (coffee, cocoa, tobacco, spices, refined vegetable oils) constituted a significant part of the developing countries' exports. Virtually all manufactures, except textiles, and 90 per cent of all agricultural products from developing countries, enjoyed free access.

35. The Community had recognized the need for commodity price stabilization agreements, where appropriate, a common fund for financing international stocks and further measures for the stabilization of export earnings. It was playing an active part in the ongoing programme of meetings held under the Integrated Programme for Commodities. It had also established under the Lomé Convention a novel export earnings stabilization scheme on a commodity-by-commodity basis, which had led to the disbursement of about $75 million to several commodity-producing countries which were experiencing difficulties.

36. The Community had initiated fruitful industrial co-operation with the developing countries by promoting, in accordance with the Lomé Convention, "the development of diversification of industry", joint participation in equity holdings of companies set up on their territory, and granting generous margins of preference in tenders for both supply and works contracts financed with its aid.

37. The Community's development aid had more than doubled since the beginning of the decade. It extended to industrial, technological and commercial co-operation for development. The relevant programmes were established in co-operation with the recipient countries and nearly all the financial aid was provided in the form

of grants. Together with the assistance available from the European Investment Bank, to which the developing countries now had access, the Community provided ample scope for development projects. Furthermore, it had supplied some $250 million worth of food aid entirely in the form of grants, one-third of it being distributed by international institutions and the remainder closely programmed with recipient national agencies. The Community also gave financial assistance to several developing countries not covered by contractual agreements. The overall grant element in all those commitments was well over 90 per cent; such Community aid could in no way be described as "unreal".

38. In all those activities, special priority had been given to the poorest countries. The Community had contributed $250 million to the special programme in favour of the least developed countries which had been launched by the General Assembly. The Community had also done all it could to foster regional co-operation among developing countries.

39. Mr. KLINKENBERCH (Netherlands) said that appraisal of the Strategy meant both reviewing what had been done in order to determine why expectations had not been met and thinking about the elaboration of a new strategy for the next decade.

40. As the spokesman for the Group of 77 had rightly observed, little had been done to implement the recommendations of the Strategy. The Secretary-General of UNCTAD had rightly attributed that failure to the fact that the underlying concepts and assumptions were not in keeping with realities. Inflation and the economic crisis that had developed in 1973 had shown the weakness of the idea, perhaps logical at the outset, that continuous economic expansion in the developed countries would stimulate growth in the developing countries through improved market access and a substantial expansion of financial assistance. There had also been a lack of political will and possibly insufficient recognition of the common interests involved, with the result, that although governments had accepted a general commitment to implement the Strategy recommendations, they had generally avoided specific commitments on particular measures (TD/B/642, paragraph 7). The Netherlands had fortunately been able to give high priority to development co-operation with broad public support; that had enabled it to reach by the target date of 1975 the 0.7 per cent objective for ODA.

41. Another shortcoming of the general policy instruments was that they had not taken sufficient account of the great differences among the developing countries. At the first two biennial reviews, his delegation had recommended a more differentiated country-by-country approach as part of a global strategy. The need for that was confirmed by the fact that the economic crisis had most severely affected the low-income countries.

42. His delegation believed that the new Strategy should be focused on the idea of a New International Economic Order as defined by the General Assembly and be duly prepared with the necessary care. There were two alternatives: legally binding commitments or voluntary non-binding arrangements. The former might limit the possibilities of agreement and give rise to many abstentions, while the latter might in the end be more effective. For the moment there was no single answer to the problem. The negotiations should in any event be based on principles of equality and mutual interest in order to reach firm agreements that would actually be implemented. As the Secretary-General of UNCTAD had pointed out, the fixing of

new quantitative targets for growth of GNP, foreign trade and industrial and agricultural production would be of little significance unless they were related to a coherent and viable development strategy; Governments would also have to place high priority on implementing internationally agreed policy measures, which were central to the success of a new strategy. Furthermore, the question arose as to whether consideration should not be given to a strategy lasting longer than 10 years or whether a 10-year strategy should be placed in a longer term perspective.

43. Those were matters on which the advice of scientists and thinkers in the field of development should be sought. An important part of the activities to be undertaken in the process of formulating a new strategy should be carried out by the United Nations Secretariat, including the regional commissions, UNCTAD and the specialized agencies concerned. Advantage should also be taken of the services offered by research bodies in both developed and developing countries. All these bodies should co-operate in formulating new policy options and recommendations needed for success in reshaping the international economic order. His Government had already pledged 12 million for that purpose.

44. Mr. TSCHERNING (Sweden) said that his delegation fully supported the conclusions and recommendations of the report of the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets (TD/B/646, paragraphs 31 to 34) concerning the setting up of a comprehensive statistical framework. However, it was necessary not to lose sight of the fundamental mandate of the Group of Experts, whose title stressed the concepts of the present aid and flow targets, in accordance with Conference resolution 61 (III) and resolution 91 (XII) of the Trade and Development Board. The Swedish delegation considered those initial tasks of the Group to be of paramount importance for the preparation of a new international development strategy. It therefore assumed that the measures to set up a comprehensive statistical system would not prevent the Group from continuing to examine aid and flow targets with a view to providing a solid basis for decisions to be taken on definitions to be included in due course in a new international development strategy.

The meeting rose at 5.50 p.m.